Delivering affordable homes in a changing world

Ensuring councils can meet local housing need
**APSE (Association for Public Service Excellence)** is a not for profit local government body working with over 300 councils throughout the UK. Promoting excellence in public services, APSE is the foremost specialist in local authority front line services, hosting a network for front line service providers in areas such as waste and refuse collection, road and highways, renewable energy, parks and environmental services, leisure, school meals, cleaning, as well as housing and building maintenance.

**Town and Country Planning Association (TCPA)** founded in 1899, is the UK’s oldest independent charity focused on planning and sustainable development. Through its work over the last century, the Association has improved the art and science of planning both in the UK and abroad. The TCPA puts social justice and the environment at the heart of policy debate, and seeks to inspire government, industry and campaigners to take a fresh perspective on major issues, including planning policy, housing, regeneration and climate change.

The TCPA’s objectives are:

- To secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.
- To empower people and communities to influence decisions that affect them.
- To improve the planning system in accordance with the principles of sustainable development.

**Contributors**

The project team was composed of Kate Henderson, Alex House, Hugh Ellis, Henry Smith and Jessica Fieth from the TCPA and Paul O’Brien, Chief Executive of APSE.

**Acknowledgements**

The TCPA is extremely grateful to everyone who contributed their time and feedback to the case studies, online survey and roundtable debate which informed this report.

This report aims to reflect the opinions of a wide range of local authorities, private and voluntary groups, but not every detail contained within it will reflect the opinions of all the contributors to this work. It should, however, reflect the spirit of constructive collaboration and considered debate.

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Foreword

This report ‘Delivering affordable homes in a changing world’ is the fourth annual housing research collaboration between the Association for Public Service Excellence (APSE) and the Town and Country Planning Association (TCPA). This study follows on from ‘Housing the Nation’ published in 2015, ‘Homes for all’ published in 2016, and ‘Building homes, creating communities’ published in 2017. Taken together the four reports track the scale and pace of change to housing and planning policy, and the implications of these changes for local authorities across the UK.

This year’s report draws on case studies ranging from Cornwall Council in the far south west of England to Highlands Council in Scotland alongside findings from an online survey, policy analysis and stakeholder roundtable.

In addition to providing an update on housing and planning policy this latest report includes new content – not in the previous three reports – on homelessness. In villages, towns and cities across the UK people are experiencing homelessness and as homelessness levels rise the issue has also risen up the political agenda. The report highlights government strategies for tackling homelessness in England, Wales, Scotland and Northern Ireland.

While national policy and financial support for tackling homelessness is fundamental, local authorities are in the front line of providing accommodation and meeting local housing needs. Leeds City Council, a case study in the report, has targeted funding to tackle homelessness in the city by providing new supported housing through bringing empty homes back into use. The Council’s approach to renovating empty homes in a holistic and joined-up way is also a great example of how a local authority is helping people back into employment by providing additional training opportunities.

This fourth report has been written during a period of substantial planning reform. While undertaking the research the planning policy framework for England changed significantly with the publication of the draft revised National Planning Policy Framework (NPPF). Therefore as we go to press we face yet further uncertainty on the future of housing and planning policy. This uncertainty is not isolated to the issues of housing alone and we recognise that housing may only be one part of a wider public policy jigsaw, but it is nevertheless a vital one. Without decent housing all of the other ambitions for a fairer society, where our communities have a decent place in which to raise their families, look after their elderly relatives and access cleaner, greener and smarter local places, with buoyant local economies, starts to fail. An investment in high quality social and affordable housing, alongside other forms of housing, is not only an investment in the infrastructure of place but in its culture, environment, community and economy. Wider society has never been more in need of investment in its fundamentals than now.

Local councils have a stewardship role in safeguarding local places. They are best placed to know the needs of the local area. Housing can be a powerful anchor that cements the ambitions of our local areas. We will not achieve our objectives unless we can be assured of policy coherence from central administrations. That means ensuring that councils are at the very heart of housing policy, reinforcing their role as stewards of local place. But above all this report calls on government to be ambitious in challenging the shortfall of housing for those in the most need in society.

Paul O’Brien
Chief Executive, APSE
Executive summary

The key message from this report is that investment in social housing is a core part of securing mixed and thriving communities, as part of providing for a wide spectrum of tenures to meet a variety of needs across the country. Decent housing in a well-planned environment provides a foundation for helping people to maximise their contribution to society, and to create areas that are economically prosperous. Investment in high quality social housing can also save public funds, such as through reducing poor physical and mental health outcomes that are currently experienced by those living in an unstable private rented sector or those in temporary accommodation.

The government must be bold and ambitious in challenging the shortfall of housing for those in the most need in society. As part of this, it must help councils return to their historic role as a provider of homes – recognising that evidence clearly suggests that we cannot rely on the private sector alone to meet the shortfall of housing supply.

The report sets out 10 recommendations aimed at increasing the provision of high-quality social and affordable housing, tackling homelessness, and boosting our construction skills by unlocking the potential of local authority house building and partnership delivery. The recommendations are presented below:

Recommendation 1: The government has announced it will put in place a fundamental reappraisal of social housing in the forthcoming green paper. The green paper should not just be tinkering. Instead it should represent a step change in the role of central government as a powerful enabler of social housing leaving delivery in the hands of local authorities and their delivery partners. The government needs to ensure that councils have the confidence, backed by a comprehensive package of tools, in order to deliver that step change in the provision of social and affordable housing. This clarity of purpose from government is critical to enabling the conditions for success.

Recommendation 2: The government’s commitment to “a new generation of council and housing association homes” is a welcome start, however there needs to be significantly more investment in homes available for social rent as well as other affordable tenures. Existing government subsidy for private market housing could be better directed to supply-side measures and the reinvigoration of a range of social and affordable housing products including social rent.

Recommendation 3: The government should respect the principles of self-financing by returning control to local authorities over their investment plans, rents and assets including extending the budget commitment to lifting the HRA borrowing cap on councils in areas of ‘high affordability pressures’ to all authorities with housing stock and enabling councils to retain 100% of their Right to Buy receipts to reinvest into building new affordable housing.

Recommendation 4: The government is demonstrating its commitment to tackling homelessness through the Homelessness Reduction Act 2017 and Homelessness Prevention Programme, however it must go further and reverse cuts to Local Housing Allowance to ensure private tenants who need help paying rent aren’t forced into homelessness as campaigned for by Shelter¹, the Local Government Association² and other charities.

Recommendation 5: Setting up a local authority housing company requires a long-term investment plan, cross-party support and certainty. To ensure that local government innovation flourishes, resulting in more homes of all tenures, the government should make clear that right to buy rules do not apply to local authority housing companies. However, if the right to

¹ Shelter, 2018, stand up for a million renters facing homelessness https://england.shelter.org.uk/support_us/campaigns/UHA [accessed 13.03.18]
buy rules are going to apply to homes built by local authority housing companies they must be able to replace them on a 1:1 basis to ensure the long-term investment programme is not undermined.

**Recommendation 6:** The draft revised NPPF has failed to include a meaningful definition of affordability. The final revised NPPF should set out a genuine and more precise definition separating out social rented homes from intermediate housing ‘products’, such as the following:

- “Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
  - meet the needs of eligible households, including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices (but not exceeding 35% of their household net income after tax and benefits³); and
  - include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”

**Recommendation 7:** The government has announced major changes to viability testing which could address many of the concerns raised by councils and other stakeholders about the current process. The new system is right to focus on greater transparency of process with agreed approaches for calculating factors such as land price. The report strongly supports the government’s view that developers should not be able to use the price paid for land to undermine the provision of public benefits and affordable homes.

**Recommendation 8:** The government should reverse the central imposition of permitted development and give powers back to local authorities to reflect local circumstances.

**Recommendation 9:** The government should not extend permitted development rights to allow commercial buildings to be demolished and replaced with homes. Extending permitted development to include the demolition of commercial buildings which will be replaced with homes without requiring a full planning consent risks creating a legacy of poorly serviced, badly designed places that will not provide for those in greatest housing need.

**Recommendation 10:** The government should think about what it can do to incentivise domestic production of equipment and sustainable raw materials alongside producing a national labour strategy to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled workers. The government should ensure accessibility, sustainability and low carbon innovation is at the heart of a national labour strategy to ensure the British construction sector are world leaders in creating high-quality sustainable homes that enhance people’s health and wellbeing.

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³ Shelter, 2015, What is affordable housing? Blog by John Bibby on 10 August 2015
Part 1: Introduction

This is the fourth annual housing research project by the TCPA for APSE. While this latest report has been undertaken between the autumn 2017 and the spring 2018, it is important to note the far-reaching policy and legal changes of housing, planning, benefit provision and regeneration funding seen since 2010. As highlighted in the previous TCPA and APSE study ‘Building homes, creating communities’ published in May 2017: “The cumulative effects of these measures have changed the ability of local authorities to deliver affordable homes, as well as affecting the wider role of councils in place-making.”4

The three previous research reports by the TCPA for APSE, Housing the Nation, Homes for all, and Building homes, creating communities provide a detailed overview of the housing and planning policy changes between 2010 and 2017 (this content is not repeated here).

In addition to providing an update on housing and planning policy this latest report includes new content – not in the previous three reports – on homelessness.

1.1 Research approach

There are four components to the research project, as follows:

1. Desk based policy review of the housing challenge and policy context – in terms of housing, planning, and finance – in England, Wales, Scotland and Northern Ireland.

2. Analysis of five case studies. Each case study aims to present different models of council leadership in delivering and managing social and affordable housing, set within the socio-demographic context of each local authority area. The case studies are Cherwell District Council, Cornwall Council, Highland Council, Leeds City Council and City of Wolverhampton Council (the case studies are set out in part two of the report).

3. An online survey which was sent to the Leader, Chair of Finance, Chair of Housing and Chair of Economic Development Committees, the Chief Executive, Chief Finance Officer, Chief Housing Officer and Chief Economic Development Officer in all local authorities in England, Wales, Scotland and Northern Ireland. The survey was conducted between the 1 and 16 February 2018. The analysis of the survey is set out in part three of the report and the survey questions are set out in Annex 1.

4. An expert roundtable discussion was held on 27 February 2018 to test the analysis and draft recommendations (the roundtable participants are listed in Annex 2).

The research aims to demonstrate that local authorities can, and want to, deliver more and better housing. Councils are a fundamental part of the solution to meeting the nation’s housing need and tackling homelessness.

1.2 Tackling homelessness across the UK

In villages, towns and cities across the UK people are experiencing homelessness. As homelessness levels rise the issue has also risen up the political agendas in all four nations of the UK.

There are different types of homelessness from people sleeping on our streets, in doorways or car parks to people who are classified ‘statutory homeless’ and may be living in temporary accommodation such as B&Bs. There are people described as ‘hidden homelessness’ who may for instance be sleeping on friends’ sofas. The analysis in part three of the report looks at the changing levels of all three of these types of homelessness - statutory homelessness, rough sleeping and hidden homelessness (definitions of each provided in the box below).

Homelessness definitions

Statutory homelessness

‘Statutory homelessness’, is where local authorities have defined a household as homeless within the terms of the homelessness legislation. This definition covers households found to be in priority need and not intentionally homeless.

Rough sleeping

‘Rough sleeping’ is defined by the government as ‘people sleeping, or bedded down, in the open air (such as on the streets, or in doorways, parks or bus shelters); people in buildings or other places not designed for habitation.’

Hidden homelessness

The hidden homeless are often described as ‘concealed homeless’ or ‘sofa surfers’ and are people who are homeless, but do not show up in official figures. Hidden homeless can include individuals or families who may stay on friends’/relatives’ sofas etc.

Tackling homelessness in England

The UK government have committed to halve rough sleeping by 2022 and eliminate it altogether by 2027. In April 2017 the Homelessness Reduction Act received Royal Assent and in April 2018 it came into force. This new legislation, brought forward as a private members bill by Bob Blackman MP, will place new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help, irrespective of their priority need status, as long as they are eligible for assistance.9

In November 2017 the government announced it was establishing a ‘Rough Sleeping Advisory Panel that will help develop a national strategy...made up of homelessness experts, charities and local government.’6

The UK government have committed to:

• Spending over £1 billion until 2020 to tackle homelessness and rough sleeping, part of which is the £50 million Homelessness Prevention Programme to deliver an ‘end-to-end’ approach to homelessness and rough sleeping prevention.

• Implementing the Homelessness Reduction Act. The government states that the ‘Act will significantly reform England’s homelessness legislation, ensuring that more people get the help they need to prevent them from becoming homeless in the first place. The Act also ensures that other local services refer those either homeless or at risk of being homeless to local authority housing teams.’7

Tackling homelessness in Scotland

In September 2017 the Scottish Government announced a £50 million ‘Ending Homelessness Together’ fund and a ‘Homelessness and rough sleeping action group’ which will examine:

• Plans to minimise rough sleeping this winter;

• How to eradicate rough sleeping for good;

• Ways to transform temporary accommodation;

• How to bring about an end to homelessness in Scotland.8

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9 CIH, 2017, What you need to know about the Homelessness Reduction Act 2017 http://www.ch.org/resources/PDF/Policy%20free%20download%20pdfs/What%20you%20need%20to%20know%20about%20Homelessness%20Reduction%20Act%202017.pdf


7 Ibid.

Tackling homelessness in Wales

In February 2018 Rebecca Evans, Minister for Housing and Regeneration, published two new policy documents setting out new approaches to tackling homelessness in Wales. The first is “…a policy document which outlines how Housing First will be taken forward across Wales. There is strong evidence that Housing First works best where its core principles are followed – housing with no strings attached, ready and available support services and access to funds to help meet individuals’ needs.”9 The second is the Welsh Government’s “…Action Plan to reduce rough sleeping. Developed with organisations including Shelter Cymru, and members of Rough Sleepers Cymru, it covers a range of activity, supporting people to engage with services and get off the streets as quickly as possible. It also addresses wider issues such as a review of priority need and our guidance on cold weather plans.”10

In addition to the policy documents the Welsh Government is providing councils in Wales with additional ‘…grant funding of £2.8m in 2018/19 to embed homelessness prevention best practice models which will help to reduce rough sleeping, prevent youth homelessness, improve access to the private rented sector and strengthen services for people with mental health and substance misuse problems.”11

Tackling homelessness in Northern Ireland

In April 2017 the Northern Ireland Housing Executive published ‘Ending Homelessness Together – the Homelessness Strategy for Northern Ireland 2017-2022’12 The strategy has five strategic objectives as follows:

• To prioritise homelessness prevention.
• To secure sustainable accommodation and appropriate support solutions for homeless households.
• To further understand and address the complexities of chronic homelessness across Northern Ireland.
• To ensure the right mechanisms are in place to oversee and deliver this strategy.
• To measure and monitor existing and emerging need to inform the ongoing development of appropriate services.”13

1.3 The current policy context

While it is clear that all four nations of the UK are prioritising action on tackling homelessness, the nature of the continued planning and housing policy reform in England reinforces the sense of a diverging policy approach between the different nations and regions of the UK. Scotland, Wales and Northern Ireland each have a distinctive policy environment in these administrations.

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10 Ibid
11 Ibid
1.3.1 England

The below table provides a timeline of the major political announcements, policies and legislation related to affordable housing and planning from early 2017 to spring 2018.

**Table 1: Political announcements, committee reports, policies and legislation during 2017 and early 2018**

<table>
<thead>
<tr>
<th>Date</th>
<th>Political announcements, committee reports, policies and legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th February 2017</td>
<td>DCLG publish the housing white paper, <em>Fixing our broken housing market</em></td>
</tr>
<tr>
<td>18th April 2017</td>
<td>The Prime Minister calls a general election. Political parties publish manifestos in the coming weeks with a focus on housing, including the role of councils in delivering homes of all tenures</td>
</tr>
<tr>
<td>29th April 2017</td>
<td>Communities and Local Government Committee publish <em>Capacity in the Homebuilding Industry. Tenth Report of Session 2016-17</em></td>
</tr>
<tr>
<td>8th June 2017</td>
<td>General election</td>
</tr>
<tr>
<td>14th June 2017</td>
<td>Grenfell Tower tragedy (not a policy announcement, but an important milestone in the debate about the future of social housing)</td>
</tr>
<tr>
<td>14th September 2017</td>
<td>DCLG publish <em>Planning for the right homes in the right places</em> consultation, including a number of proposals in the housing white paper</td>
</tr>
<tr>
<td>17th September 2017</td>
<td>The Rt Hon Sajid Javid MP, Communities and Local Government Secretary, makes a speech committing the government to publishing a green paper on social housing</td>
</tr>
<tr>
<td>2nd October 2017</td>
<td>The Rt Hon Theresa May MP, Prime Minister, announces an additional £10 billion for Help to Buy at the Conservative Party Conference</td>
</tr>
<tr>
<td>4th October 2017</td>
<td>The Rt Hon Theresa May MP, Prime Minister, announces an additional £2 billion for affordable housing which will support 25,000 homes at an “affordable rent” level and a new social-rent settlement from 2020 at the Conservative Party Conference.</td>
</tr>
<tr>
<td>22nd November 2017</td>
<td>Autumn Budget confirms the further £2 billion of funding for affordable housing announced in October, taking the total affordable housing budget to £9 billion and lifts Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, so they can build more council homes. The Government announced it will consult on a permitted development right to allow commercial buildings to be demolished and replaced with homes.</td>
</tr>
<tr>
<td>30th November 2017</td>
<td>Government announces it is establishing a ‘Rough Sleeping Advisory Panel’</td>
</tr>
<tr>
<td>8th January 2018</td>
<td>Government renames the Department for Communities and Local Government the Ministry of Housing, Communities and Local Government with a renewed focus on housing as part of the reshuffle.</td>
</tr>
<tr>
<td>16th February 2018</td>
<td>Government announces £45 million awarded to 41 councils (total 79 projects) to unlock council owned land building up to 7,280 homes.</td>
</tr>
<tr>
<td>22nd February 2018</td>
<td>Government publish guidance on how local authorities should exercise their homelessness functions in accordance with the Homelessness Reduction Act 2017 from 3 April 2018.</td>
</tr>
<tr>
<td>24th February 2018</td>
<td>The first wave of the Planning Delivery Fund, totalling £15.8 million out of a £25 million total budget, awarded to 68 projects.</td>
</tr>
<tr>
<td>5th March 2018</td>
<td>Government publishes the updated National Planning Policy Framework – as part of a suite of five documents - for a 10-week consultation closing on the 10th May</td>
</tr>
<tr>
<td>3rd April 2018</td>
<td>Homelessness Reduction Act 2017 comes into force</td>
</tr>
</tbody>
</table>

**Policy context for housing and planning in England**

The new draft revised National Planning Policy Framework (NPPF) and accompanying consultation documents were published on the 5th March 2018. The NPPF sets out the government’s policy for local planning and has had a major impact on the content of plans and the outcomes of planning decisions.

The government's consultation on the revised NPPF is made up of five separate documents:
• the NPPF consultation proposals document;
• the draft revised NPPF text;
• the draft Planning Practice Guidance text;
• the supporting housing delivery through developer contributions consultation; and
• the housing delivery test rule book consultation.

All these documents are interlocking and complex. For the purpose of the report – which is focused on how councils can secure more social and affordable housing – the following policy analysis explores three key issues in the draft revised NPPF:

• Focus on housing numbers
• The definition of affordable housing
• Viability testing

**Focus on numbers**

There is a focus on housing numbers in the draft revised NPPF and associated documents, but there is not equally policy emphasis on quality or affordability. The requirement for a five-year housing land supply, the new housing forecasting regime and the housing delivery test all focus on numbers of housing units and the penalties on local authorities for failing to deliver them. But there is no robust test of quality nor affordability (explained below). Neither is there any recognition that local authorities have no control over the build-out rates on land that they allocate in plans.

**Redefining housing affordability**

The draft revised NPPF sets out a definition of affordable housing in the glossary. The definition includes a wide range of intermediate housing ‘products’ which cannot reasonably be described as affordable. The heart of the issue is the change that the government has made from a measure of affordability based on income to one fixed to an arbitrary percentage of market prices. This is not a true measure of affordability because it fails to factor in the ability of those on low incomes to pay.

In the glossary of the draft revised NPPF the definition of affordable housing is as follows:

**Affordable housing:** housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute at the time of plan-preparation or decision-making. Income restrictions should be used to limit a household’s eligibility to purchase a starter home to those who have maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London).

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.\(^{14}\)

**Viability testing**

The draft revised NPPF makes some welcome changes to viability testing. The detail is set out in the accompanying draft Planning Practice Guidance, which states, on page 6, that the ‘price paid for land is not a relevant justification for failing to accord with relevant policies in the plan’.\(^{15}\) The draft Planning Practice Guidance also makes clear that ‘Existing use value is not the price paid and should disregard hope value’.\(^{16}\) Both these statements could make a major contribution to the fairer distribution of betterment values. This could have a positive impact on the delivery of vital Local Plan policy including ‘affordable’ homes by changing the way that viability testing is applied to planning policy requirements, including Section 106 obligations.

While the proposed changes are complex, they are directed at managing the system in a more systematic and transparent way, with agreed input factors for calculating gross development value (GDV). Most importantly, the proposed changes challenge the current formulation of the way that market values are calculated. This will now be based on an agreed value for land based on existing use value plus a premium for landowners. Hope value should no longer be part of this calculation, and this also increases transparency and clarity over landowner expectations. In theory the requirement to set out clearly the expectation of Local Plan policy early on should result in developers paying less for land. However, it is not yet clear how this system would operate in detail and there are two particular issues which have not been addressed:

The amount of affordable housing provided through the planning system (or other policy requirements) still depends on market viability, which may not reflect local needs.

While land prices may decline over the long term in reflection of higher policy requirements, it is not clear how this system would operate in the short and medium term when large amounts of land have already been purchased by developers in anticipation of development consent with much lower planning obligations. It is possible that option agreements could be renegotiated to reflect the new approach to calculating GDV.

**Permitted development**

In 2013 the government introduced measures to convert commercial buildings into homes through permitted development (this requires a prior approval process but removes the need for the developers to make a full planning application to the local authority).

In the 2017 Autumn Budget the government announced plans to consult on extending permitted development rights to allow commercial buildings to be demolished and replaced with homes.

The draft revised NPPF needs to be seen in the context of a planning system which is now much less powerful than it was and a planning service that is chronically underfunded. Change to the system continues to be intense, and at the time of writing this report the much-awaited consultation on the major relaxation of permitted development had not yet been published.

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\(^{16}\) Ibid.
Permitted development, where office and commercial premises are being converted into housing units, is already resulting in some very poor development without access to fundamental infrastructure, and concerns are highlighted in the analysis in part three of the report. Not even the safeguards of the NPPF apply to this development, which is now on such a scale as to be in effect a shadow planning system, with no opportunity to secure decent quality housing or contributions for education or even basic children’s play space.

1.3.2 Wales, Scotland and Northern Ireland

**Wales**

Planning and housing functions are largely devolved to the Welsh Government and Welsh local authorities. The Housing Act (Wales) 2014 sets out a legal framework for the devolved powers. The Act places duties on local authorities on homelessness, the provision of sites for Gypsies and Travellers and standards in housing management. It also reforms the Housing Revenue Account subsidy system and introduces a compulsory registration and licensing scheme for private rented sector landlords. The Welsh Government provides financial support through the Social Housing Grant and Housing Finance Grant which support Registered Social Landlords, although the amounts are relatively modest. The Wales national housing strategy, ‘Improving Lives and Communities – Homes in Wales’, contains the detailed policy objectives of the Assembly Government. The Local Government Act 2003 already requires local authorities to produce local housing strategies.

Planning in Wales continues to reflect a distinctive and coherent approach with a national plan and guidance documents framing local development plan preparation by local authorities. The 10th edition of national policy is currently under consultation with the Welsh Government committing to ensuring that:

- previously developed land is used in preference to greenfield sites;
- new housing and residential environments are well designed, meeting national standards for the sustainability of new homes and making a significant contribution to promoting community regeneration and improving the quality of life; and that
- the overall result of new housing development in villages, towns or edge of settlement is a mix of affordable and market housing that retains and, where practical, enhances important landscape and wildlife features in the development.

The Welsh Assembly Government has begun work on the production of a National Development Framework to sit along side national policy. The National Development Framework will set out a 20-year land use framework for Wales and will replace the current Wales Spatial Plan.

The National Development Framework will:

- set out where nationally important growth and infrastructure is needed and how the planning system - nationally, regionally and locally - can deliver it
- provide direction for Strategic and Local Development Plans and support the determination of Developments of National Significance
- sit alongside Planning Policy Wales, which sets out the Welsh Government’s planning policies and will continue to provide the context for land use planning
- support national economic, transport, environmental, housing, energy and cultural strategies and ensure they can be delivered through the planning system

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Planning policy in Wales contains a stronger and more coherent definition of affordability than the suggested changes to the draft English NPPF with a stronger recognition of the importance of, for example, social rent. Local planning authorities must also include an authority-wide target for affordable housing (expressed as numbers of homes) based on Local Housing Market Assessments (LHMAs). Planning for housing is also now more robustly framed around the well-being goals set out in the Well-being of Future Generations Act 2015, in particular under 'A Wales of Cohesive Communities’ where planning should ensure that all local communities – both urban and rural – have sufficient good quality housing for their needs, including affordable housing for local needs and for special needs where appropriate, in safe neighbourhoods.

Right to buy has now ended in Wales. The Abolition of the Right to Buy and Associated Rights (Wales) Act received Royal Assent on 24 January 2018. To ensure tenants are aware the Right to Buy is ending, the Act requires the Welsh Government to publish information, which social landlords must provide to affected tenants, within two months of Royal Assent.

Scotland

Scotland has extensive devolved powers on planning and housing. The Scottish Government sets overall national planning policy in the National Planning Framework and the 32 local authorities prepare local plans. The four major city regions also have to prepare a strategic development plan.

The Housing (Scotland) Act 2001 requires local authorities to prepare a local housing strategy supported by an assessment of housing need and demand. In March 2016, the Scottish Government launched its ‘More Homes Scotland’ approach to increasing housing delivery by innovative investment in housing, getting land ready for housing, and planning for new housing effectively. The Housing and Planning Delivery Framework (HPDF), is also aimed to make it easier for the housing and planning systems to work together in Scotland to increase the speed and efficiency of the planning process.

The framework aims to:

- increase housing supply in the long term
- make the housing system more responsive to demand
- improve long-term housing affordability
- reduce the volatility of the housing market

Scotland’s 32 unitary authorities have responsibility for housing with financial and policy support from the Scottish Government who will invest £1.7 billion in new homes over the lifetime of the current parliament.

In 2015 the Scottish Government committed to full and independent review of the planning system. The independent review reported in May 2016. In January 2017 The Government published Places, People and Planning, setting out an integrated package of proposed improvements to planning. An independent analysis of views on the proposals has since been undertaken and a report has now been published. The Scottish Government has committed to bring forward a new legislation and the Planning (Scotland) Bill was introduced to Parliament on 4 December 2017. The Bill is intended to strengthen the planning system’s contribution to inclusive growth and empowering communities. The Bill sets out high-level changes to the overall framework under which planning operate and the detail of how the new provisions will work in practice will be contained within secondary legislation and guidance.

These proposals would make changes to the way local authorities plan for housing including a reconfigured system of development plans. This will link with proposals to extend the role and scope of the National Planning Framework and Scottish Planning Policy. The objective is to promote delivery through greater integration of housing and infrastructure and to improve efficiency and transparency;

Scottish Planning Policy requires local authorities to identify functional housing market areas and a generous supply of land for each housing market area with involvement from developers, registered social landlords and local communities. Affordable housing is defined as housing of a reasonable quality that is affordable to people on modest incomes. Local development plans should clearly set out the scale and distribution of the affordable housing requirements. The Right to Buy policy ended for all council and housing association tenants in Scotland on 31 July 2016.25

**Northern Ireland**

Housing in Northern Ireland has a number of distinctive aspects not least the legacy of community division and direct rule. Planning for housing has undergone a radical period of change with devolution of planning powers from central administration to 11 local authorities which occurred in April 2015. One of the major questions for the future is how to harness the opportunity and challenges of devolving planning for housing provision to local authorities in Northern Ireland. Plan preparation remains a high priority and the age of plans, some of which have been adopted for more than 20 years, is a concern. One example of the new plans is the Belfast Local Development Plan 2035 which is currently at preferred options stage.26

From May 2016 there were major changes to the number and scope of the executive departments in Northern Ireland. Housing policy is the responsibility of the Department for Communities together with urban regeneration. The department is focused on the reform of social housing by, for example the designation of housing associations as social enterprises.

The Northern Ireland Housing Executive manages 89,500 homes and is the strategic housing authority for Northern Ireland working under the Department for Communities. The Executive sets out a number of strategies27 on homelessness, private rented sector, empty homes, and Housing Investment Plans for each of the new councils. This should provide a long term, holistic, cross tenure look at local housing markets. The Executive is responsible for undertaking the Housing Needs Assessment / Housing Market Analysis to inform local development plans, including social and affordable housing requirements.

Strategic planning, transport and regional developments functions are the responsibility of the Department of Infrastructure. The department publishes the Regional Development Strategy28. The RDS sets policy directions for the provision of housing that aim to manage housing growth to achieve sustainable patterns of residential development (RG8). The Strategic Planning Policy Statement for Northern Ireland29, published in September 2015, requires planning authorities to deliver balanced communities and good design, with community cohesion a main theme. The Department is currently consulting on an Affordable Housing Planning Policy Statement.30

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27 Northern Ireland Housing Executive, 2018, Overview of our strategies [accessed 29.03.18] https://www.nihe.gov.uk/index/corporate/strategies.htm
Part 2: Case studies

The study is based upon five case studies. The case studies cover the length of the UK from Cornwall Council in the very far south west of England to Highland Council in Scotland. They represent innovation within local government, setting out different models of council leadership in the delivery of new homes of all tenures, including affordable housing. The case studies are as follows:

1. Cherwell District Council
2. Cornwall Council
3. Highland Council
4. Leeds City Council
5. City of Wolverhampton Council

2.1 Cherwell District Council

The housing challenge in Cherwell

Cherwell District, in north Oxfordshire, is the second largest district in Oxfordshire with a population of approximately 146,000\(^{31}\). Over two-thirds of Cherwell’s population live in the three main urban centres – Banbury, Bicester and Kidlington. The district has a high level of need for affordable housing. The Oxfordshire Strategic Housing Market Assessment (SHMA) 2014 identified a net need of 407 affordable homes per year\(^{32}\). It provides conclusions on a strategic mix of housing for Oxfordshire over the next 20 years. The SHMA analyses the types and sizes of accommodation occupied by different ages of residents, projected changes in the population and estimates of future need and demand for different sizes of homes\(^{33}\).

The planning context

The Cherwell Local Plan 2011 – 2031 was adopted in July 2015. It sets out specific policies on affordable housing (policy BSC 3) and housing mix (policy BSC 4)\(^{34}\).

The Local Plan policy on affordable housing sets a threshold of at least 30% of new housing as affordable homes on site on all proposed developments that include 11 or more dwellings at Banbury and Bicester and at least 35% at Kidlington. The policy states that ‘All qualifying developments will be expected to provide 70% of the affordable housing as affordable/social rented dwellings and 30% as other forms of intermediate affordable homes. Social rented housing will be particularly supported in the form of extra care or other supported housing.’\(^{35}\)

The Council proactively support community self-build or self-finish housing and the policy highlights that this should contribute towards meeting the need for affordable housing.

The Local Plan policy on housing mix requires new residential development to provide ‘a mix of homes to meet current and expected future requirements in the interests of meeting housing need and creating socially mixed and inclusive communities.’\(^{36}\) To meet the needs of older people in the district housing sites of more than 400 homes are ‘expected to provide a minimum of 45 self-contained extra care dwelling.’

\(^{31}\) Oxfordshire County Council, 2016. District Data - Cherwell


\(^{34}\) Ibid

\(^{35}\) Ibid

\(^{36}\) Ibid
Bicester Garden Town

Bicester, one of Cherwell’s main urban centres, has been designated as a Garden Town, is a national pilot Healthy New Town, has the only large-scale development building out to Eco Town standards and has the largest self-build site in the UK. Bicester is set to grow through the addition of 10,129 homes and 185ha of employment land during the current local plan period to 2031. This will almost double the size of the current town and new schools, greenspaces, medical facilities, sports facilities and infrastructure are all planned to support the growth of the town. A whole town approach is being taken to the growth, to integrate new development with the existing town and ensure that Bicester is a great place to live, work and invest.

The Council has established a District-wide Community Land Trust which helps create the conditions for, and facilitate, community-led housing more generally. It also aims to work with local communities who want to develop affordable housing and other community assets37. Recently this has included working with a rural community to help them develop affordable housing for local people.

Build!

Cherwell District Council has set up Build! a dedicated team within the Council. Build! has taken a new approach to developing homes in the Cherwell District, providing a range of opportunities including new builds, refurbishments of existing characterful buildings, the chance to self-build or to self-finish, and the option to buy or to rent.

All aim to provide a place for stylish, contemporary living. They have the added consideration of environmental factors through initiatives like passivhaus building and use of eco-friendly technology38. Build! also provide professional services for both private and public clients, including planning advice, project management, Construction Design and Management (CDMC), residential sales and marketing and housing management. Build! has already provided over 140 homes across the District in Banbury, Bicester and rural locations39.

Renting

Through the Build! development schemes a number of properties have been made available to rent. The majority of the Build! rented properties are refurbished and bought back into use with support from Homes England, but they are also in the form of new builds and modular construction developments. Some of the rental opportunities have also had an element of self-finish which requires time and skill investment by the tenant who in turn gets more security in their tenancy40.

All of the properties are let at an affordable rent with fixed term tenancies. An affordable rent is set at up to 80% of the market rent (i.e. the average rent for local private lettings), so it costs less than renting privately but is generally more than other types of social housing rent. When they become available all of the properties are advertised through a choice-based lettings system for those on the housing register.

Self build

One of the early projects undertaken by Build! was to work with 21 self-build owners on a greenfield site. Build! managed the whole construction process, from start to finish, procuring site managers, tradesman and contractors to complete the infrastructure and houses to shell stage.41

Self-builders, under the guidance of the site managers, completed the works - training, materials and equipment were provided. The use of local apprentices provided additional help as well as

39 Ibid
40 Ibid
41 Ibid
employment. All self-builders gained a discount on the purchase price and all properties were sold as shared ownership.42

Key lessons

• Bicester Garden Town provides an opportunity to be a test bed of innovation as both a Healthy New Town pilot and the only large-scale development building out to Eco Town standards in England.

• Both Bicester Garden Town and Build! provide examples of how local authorities can support community-led models of development including self-build.

2.2 Cornwall Council

The housing challenge in Cornwall

Cornwall Council is the unitary authority for Cornwall. In 2015 its population was estimated to be 549,400. In line with national trends, Cornwall’s population is getting older as average life expectancy continues to rise. This has been bolstered by the cumulative effect of working age net migration over the last 30 years.

Cornwall is characterised by a dispersed settlement pattern. Communities are equally diverse having developed strong local identities and traditions. Nine towns have a population of over 10,000 (five over 20,000) while a further seventeen small towns have around 5,000 residents. These sit among many other sizable villages and hamlets.

A combination of high house prices, low average incomes aggravated by high second home and holiday let ownership has led to a situation where many parts of Cornwall have difficulty in meeting their own communities’ housing needs. Changes in the population present major challenges, an increase in the proportion of older residents’ impacts on health facilities and services, while deprivation remains a persistent concern in key areas.

The planning context

The Cornwall Local Plan was formally adopted in November 2016. It provides an overarching planning policy framework for Cornwall up to 2030. It sets out specific policies on housing mix (policy 6) and affordable housing (policy 8).

On housing mix the policy requires that ‘new housing developments of 10 dwellings or more should include an appropriate mix of house size, type, price and tenure to address identified needs and market demand and to support mixed communities. Proposals should seek to address need and demand for affordable, market housing and starter homes including self-build and custom-build housing.’

Given the ageing population in Cornwall the policy has a specific requirement for larger sites of 200 homes or more that ‘additional specialised housing (including extra care housing) should be considered where demand exists, to meet defined specialist needs.’

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44 Ibid
45 Cornwall Council, 2016. Cornwall Local Plan Planning for Cornwall’s future Strategic Policies 2010 - 2030
46 Ibid
48 Ibid
49 Ibid
The Cornwall Local Plan policy on affordable housing requires all schemes above 10 dwellings to contribute towards meeting affordable housing need with a threshold of 5 dwellings in Designated Rural Areas and Areas of Outstanding Natural Beauty. The Council recognise that the ‘mix of affordable housing products will vary through negotiation and shall be provided taking into account the Council’s evidence of housing need and any viability constraints identified, reflecting the different markets in different value zones. However, the target provision for affordable housing (other than starter homes) is typically in the following tenure proportions:

70% rented homes owned or managed as affordable housing, provided that the initial rent level (inclusive of any relevant service charges) does not exceed the local housing allowance

30% intermediate housing for rent or sale, provided that the homes are available at first and subsequent occupation at a price which is affordable to a typical local household, taking into account the estimated purchasing power in such households.  

West Carclaze Garden Village, St Austell

Cornwall has a long history and cultural legacy from mining. In mid Cornwall, China Clay extraction is still a significant part of the local economy but has left and is leaving large areas of despoiled landscape. The Garden Village originated as part of a series of inter connected new settlements planned to become a dispersed eco-town within the China Clay area. Environmental sustainability still lies at the heart of the proposal. The village of approximately 1,500 homes will be situated within a new mining heritage country park, two thirds of the overall site being greenspace, with a strong emphasis on gardens and access to the outdoors. A local Land Trust with strong local governance will develop and manage this space including commercial assets such as new solar farms providing a long term commercial legacy for its up keep. At its heart a new primary and nursery school is planned for September 2020 which will base its curriculum and teaching on using the natural environment to learn, children will spend much of their time outside.

The shapes and historic structures of the landscape will be transformed, retaining their historic and cultural importance whilst turning the despoiled into the beautiful. The village will have a heart with small shops, community space and jobs. An innovation centre for advanced manufacturing is already been erected. Homes are being planned to encourage home working with layouts and spaces for this purpose.

The new homes will be built to a strong design code and about one third of which will be affordable. Homes will be built by a large cross section of the building industry with a significant role for local and regional builders as well as self and custom build.

Local Housing Company - Cornwall Housing

Cornwall Housing was one of the first wholly owned Local Housing Companies. They provide many housing services including; council housing, housing options and advice, homelessness services, gypsy and traveller sites, and private letting for tenants and landlords. Established in 2012, it manages all of Cornwall Council’s council homes and has elected tenants and council members on it board. Under the council’s Strategic Housing Framework, the company is planning to build more social rented homes. They stress the value of tenant involvement and believes tenants should have a role in shaping and influencing decisions affecting the future of their homes and communities.

In February 2018 Cornwall Council committed to the direct delivery of 1,000 new homes in the county

50 Ibid
through a new arms-length company, building upon two pilot sites already under construction. The programme will re-establish the Council as a housebuilder and will supplement rather than replace the current programme of new social housing being built over the next five years. The main focus for the new programme will be to significantly raise the standards of privately rented homes, in terms of security of tenure, quality of build and energy costs.

The Council will act as a private developer and the programme is financially self-sufficient based upon long term borrowing and rental income. Some 50% of the homes built will be rented on the private market, 35% of them will have affordable rent and shared ownership, while 15% of them will be sold on the open market to generate revenue for the council.

**Key lessons**

- The Garden Village is a partnership between the private, public sector and their stakeholders, it forms part of a long-term strategy and is a holistic vision not a housing estate. It has relied upon the early delivery of infrastructure and could not take place without public funding. It is based upon the principles of the garden villages but is being built on land that has very low inherent value. This type of regeneration takes a long time and is easily blown off course by economic highs and lows. Despite this, the vision must be retained relying on a few key people being consistent, resilient and determined to make it happen.

- Cornwall Council is re-establishing itself as a deliverer of new homes at a significant scale. The Council is building a range of tenures including private rent, affordable rent, shared ownership and open market sale. The mix of tenures will generate long-term revenue streams for the council as well as meeting local housing need. The Council believes their intervention is necessary to deliver the number and type of homes that are needed to meet the needs of residents.

### 2.3 Highland Council

**The housing challenge in Highland**

Highland Council is the largest local authority area in the United Kingdom covering 33% of Scotland’s land area, a vast 25,659 square kilometres and with a population density of around 9 people per square kilometre. The 2011 Census showed that Highland had a population of 232,132 (on Census day 2011) and that ‘Highland generally has an older population profile than that of Scotland with a slightly higher percentage of children, but higher proportions in all the age groups above 45 years.’

Between 2012 and 2022 household projections show a projected increase of 7.4% from 103,706 households in 2012 to 111,416 households in 2022. There is a 15.9% projected increase in households from 2012 to 2037, which is slightly less than the 16.9% household projection for Scotland over the same period.

The latest data on housing completions available on the Highland Council website reveals that there were 832 completions in 2012/13 of which 214 were affordable and 892 completions in 2013/14 of which 182 were affordable.

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55 Ibid

56 Highland Council, 2018, Highland profile - key facts and figures [accessed 20.03.18]https://www.highland.gov.uk/info/695/council_information_performance_and_statistics/165/highland_profile_-_key_facts_and_figures/2

57 Ibid


59 Ibid
The planning context

The Highland-wide Local Development Plan (HwLDP) was adopted in 2012. In 2016 Highland Council began the process of reviewing HwLDP, however in December 2017 the Scottish Government published a Planning Bill which includes potential changes to the content of Local Development Plans and the Council made the decision to postpone review of the HwLDP until the implications of the Planning Bill are more clearly understood.

The Inverness and Highland City - Region Deal

In 2016 the Scottish and UK governments confirmed a £315m City-Region Deal for Inverness and the wider Highlands area which includes proposals to improvements to transport links, digital connectivity and create new jobs. The funding package includes £135m from the Scottish Government, £53m from the UK Government, and the Highland Council along with regional partners, committing up to £127m.

Through the City-Region Deal for Inverness and the wider Highlands area there are 11 project themes, two of which specifically relate to housing and are explored in more detail below.

FIT House (Pan-Highland)

FIT House is a pan-Highland project led by Albyn Housing Society and supported by the City-Region Deal which aims to ‘…establish innovative assisted living schemes using the latest IT healthcare to enable elderly people to live in their communities and avoid the need for them to be sent to hospitals or care homes. A cluster will also be built in the city to suit the needs of veterans.’ The FIT House programme will provide:

- ‘Monitoring technology
- Adaptable carbon construction modular homes
- Data capture and monitoring systems
- Support packages
- Clinically lead evaluation programmes’

The Scottish Government is providing £3m towards this project and the ‘technology will be deployed in the first instance at the pilot project at Dalmore In Alness.’

Affordable Housing (Pan-Highland)

Another initiative, which is part of the City-Region Deal, is £5m support from the Scottish Government for affordable housing in the Highlands, aimed at providing young people with affordable, attractive housing which is essential to retaining a young and vibrant workforce. Highland Council states that ‘This would be high quality housing, initially for rent at affordable levels but with an opportunity to buy, should they wish to do so.’

In February 2018 Highland Council announced it would use ‘City-Region Deal funding to part fund new mid-market housing projects throughout the Highlands. The affordable housing projects will be developed

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63 Highland Council, 2018, City region deal project information. FIT House (Pan Highland) https://www.highland.gov.uk/info/209/regeneration_and_town_centre_management/715/city_region_deal_project_information/5
64 Ibid
65 Ibid
66 Highland Council, 2018, City region deal project information. Affordable Housing (Pan Highland) https://www.highland.gov.uk/info/209/regeneration_and_town_centre_management/715/city_region_deal_project_information/9
by Albyn Housing Society and Highland Housing Alliance in Ullapool, Fort William, Alness, Inverness, Aviemore, Grantown, Drumnadrochit and Newtonmore and will deliver 61 new homes targeted at young people working in the area. The new homes will be let at mid-market rates - approximately 80% of the average rate charged by private landlords in the area. The 61 affordable homes will be completed by the end of 2019.

Key lessons

- Highland Council is using the City-Region Deal, which is aimed at stimulating sustainable regional economic growth, to unlock affordable housing across the Highlands.
- The Council have identified affordable housing as an important way of retaining a young, vibrant workforce in the Highlands.
- Recognising the needs of the ageing population in the Highlands, the Council is using the City-Region Deal to look at innovative new housing models, such as Housing FIT, which will use the latest IT healthcare to enable elderly people to live in their communities and avoid the need for them to be sent to hospitals or care homes.

2.4 Leeds City Council

The housing challenge in Leeds

Leeds is the regional capital and the main economic driver for Yorkshire. The ambition is for Leeds to be ‘the Best City in the UK’.

The Leeds Inclusive Growth Strategy sets the objective of delivering a strategy based on growth which reduces inequality in the city and boosts economic performance. It sets out how the Council, the private sector, universities, colleges and schools, the third sector and social enterprises in the city will work together to grow the Leeds economy ensuring that everyone in the city contributes to, and benefits from, growth to their full potential.

The Housing Strategy for Leeds City Council sets out the aim of ‘effectively meeting affordable and social housing need, promoting independence and creating sustainable communities’. The strategy outlines the need for social-rented housing in the city, with almost 24,000 applicants on the Leeds Homes Register in 2016.

The planning context

The Leeds Core Strategy was adopted in November 2014. It explains that ‘one of the biggest challenges Leeds faces is to provide enough quality and accessible homes to meet the City’s growing population, whilst protecting the quality of the environment and respecting community identity. Within this overall context the need for affordable housing and affordable warmth are key issues’. The Council’s evidence of need (SHMA 2017) is that 1230 affordable dwellings are needed annually.

The Core Strategy states that there are major challenges for Leeds in seeking to meet the complex demographic needs of the existing population, together with the implications of an ageing and growing population over the Plan period.

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67 Highland Council, 2018, City Region Deal funding for new homes across the Highlands, 21 February 2018 https://www.highland.gov.uk/news/article/10824/city_region_deal_funding_for_new_homes_across_the_highlands
71 ibid
It describes the need to achieve a significant increase in housing supply. It outlines growth principles including ensuring that housing growth targets reflect local need in terms of tenure, type and size; and working in partnership to find ways to facilitate housing growth. Leeds has considerable brownfield capacity and the development plan for the city has a clear brownfield-first policy. The statistics back up this policy as since 2004 more than 75% of all new housing in the city has been on brownfield land.

The City Council takes a pro-active stance to the delivery of new homes including as a developer in its own right with a 1000 unit programme of new council housing which is over half way through delivery. The Council works with housing associations and Homes England to maximise investment in new homes, utilising public and privately owned brownfield sites.

The programme includes bringing long term empty properties back into use as council housing, 129 properties have been acquired through this route. The focus of the programme has been in purchasing properties which had been bought under the Right to Buy, left empty and causing blight within neighbourhoods. The programme has not only increased council stock but has also had a wider impact on the strategic aim of reducing the number of long term empty properties across the city. Over the course of the 3 year scheme, 1,257 property owners were written to and informed about the Council’s interest, 960 of them are no longer empty – demonstrating far-reaching impact beyond the 129 units.

As part of the strategic use of its resources, the council also uses its Right to Buy receipts to grant fund housing associations. This has included a programme of developing “bespoke” new homes to meet the needs of families with specific access or mobility requirements.

Empty Homes Strategy

Leeds City Council has adopted innovative approaches to dealing with the problem of empty homes, acknowledging that bringing empty homes back in to use can have multiple social and economic benefits including housing people in the greatest need, and reducing the blight that empty homes can bring.

To tackle the problem of empty homes, the council has adopted an empty homes strategy which forms part of its wider aim to meet the need for affordable rent housing. In addition to purchasing properties and taking them into council housing stock, as described above, the approach taken by the council to facilitating the retrofit of empty homes has created training opportunities for unemployed people, developing a gateway to longer-term work.

The council has taken a broad set of actions to implement this strategy this has included financing work on empty properties and undertaking compulsory purchase action where necessary. The council aimed to reduce the net number of long-term empty homes by 2,000 between 2012 and 2017, and successfully exceeded this target achieving a net reduction of 2,445 in those five years. The outcome has been an increased number of affordable, supported homes for vulnerable individuals and families.

Funding community groups to refurbish empty homes

The council has worked closely with a range of third sector organisations to tackle problems of empty homes and to re-house people in need. The Empty Homes Doctor service, a non-for-profit business funded by the council, is designed to work through potential options with individual property owners and provide one-to-one support to implement solutions.

The council has also worked with third sector housing providers such as LATCH (Leeds Action to Create Homes), Canopy Homes and GIPSIL who have been funded in the city to support vulnerable people by

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73 Empty Homes Doctor service, ‘How we work’ http://www.emptyhomesdoctor.org.uk/howwework.php
providing affordable housing which meets their specific needs74.

This has included an innovative approach to providing grant and loan assistance to 3rd sector providers, including most recently using the council's borrowing ability to make a long term loan facility available enabling the delivery of new homes.

In the example of LATCH, staff and unemployed trainees carry out most of the refurbishment work to properties, and when fully modernised and furnished the properties provide supported housing for people who are homeless or in housing need. The LATCH supported housing is described as a stepping stone to independent living75. Speaking about one of the schemes, the officer managing the programme said:

LATCH made use of its own volunteer programme to give several young people the opportunity to develop skills and work experience. Because of the skills and experience gained during this programme, all these volunteers have gone on to secure jobs. In addition to that, a family in housing need have made this their much-loved home.

Key lessons

• The work of Leeds City Council has demonstrated the benefits of taking a proactive approach towards bringing empty homes back in to use, to unlock a key supply of social and affordable rented homes, through its Empty Homes Doctor service.

• The case study of Leeds City Council has also shown the multiple benefits that tackling empty homes in a holistic and joined-up way can bring, through helping people back into employment by providing additional training opportunities.

• The council has targeted funding to tackle new supply and homelessness in the city including by providing new supported housing through this route. Partnership working has been integral to the work of the council in this respect, by leveraging the skills and capacity of community groups and third sector providers.

2.5 City of Wolverhampton Council

The housing challenge in Wolverhampton

Located to the west of Birmingham, the City of Wolverhampton is one of four councils (the other three being Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council and Walsall Council) that make up the Black Country sub-region.

The 2011 Census showed that Wolverhampton had a population of 249,470 (on Census day 2011) ‘living in its 26.8 square miles, equating to a population density of 3,447 per square kilometre’ making it one of the most densely populated local authority areas in England76.

The City of Wolverhampton Housing Strategy anticipates ‘growth of around 11% in the number of households between 2006 – 2026, driven by a significant increase in the number of people living alone and a 3% increase in population’.77

There is a need for more social-rent and other affordable housing tenures in Wolverhampton with around 8000 people on the Council's housing register.78

74  'Community-led housing: turning empty properties into homes', Ireland, M., http://locality.org.uk/blog/community-led-housing-turning-empty-properties-homes/
75  LATCH Housing, http://www.latch.org.uk/housing
76  Wolverhampton in Profile website [accessed 27.03.18] http://www.wolverhamptoninprofile.org.uk/profiles/profile?profileId=14&geoTypeId=
77  City of Wolverhampton Council, 2013, Neighbourhoods, Homes & People. Wolverhampton Housing Strategy 2013-2018
The planning context

The Local Plan documents for the City of Wolverhampton include the Black Country Core Strategy, Unitary Development Plan, Area Action Plans and Supplementary Planning Documents.

The Black Country Core Strategy is part of the Development Plan for Wolverhampton. It was adopted in 2011 and is currently under review.\(^79\) The Black Country Core Strategy covers Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Council and the City of Wolverhampton Council. The current Black Country Core Strategy set a target for Wolverhampton to build 13,400 new homes between 2006 and 2026 and aims to achieve 25% affordable housing on private housing sites.\(^80\) The Strategic Housing Market Assessment (SHMA) for the current Core Strategy ‘identifies a need for 621 extra general purpose affordable homes each year, and additional need for affordable specialist accommodation.’\(^81\)

The review of Black Country Core Strategy is looking at the challenges and opportunities up to 2036. To inform the review of the Black Country Core Strategy a SHMA was undertaken for the Black Country and South Staffordshire during 2016-17 which concludes that the “Objectively Assessed Housing Need” for the Black Country over the period 2014-36 is 78,190 homes.\(^82\)

The Wolverhampton Unitary Development Plan (UDP) 2001 – 2011 was adopted in 2006.\(^83\) Some policies with the Wolverhampton UDP have been replaced following the adoption of the current Black Country Core Strategy and it has been supplemented by Area Action Plans and Supplementary Planning Documents.

Wolverhampton Corporate Plan 2016-2019

The City of Wolverhampton Corporate Plan recognises that ‘improving the quality and supply of housing for current and future residents is essential to encourage investment and active participation in our communities.’\(^84\) The Corporate Plan states that by 2019/ 2020 the Council will:

- ‘have better quality housing by delivering new homes, supported housing, increased private renting and sale through our council-owned company
- build affordable council housing and new starter homes for people on lower incomes in areas where people want to live
- ensure that prospective tenants can “rent with confidence” from private landlords who will be supported to improve the quality of homes
- reduce the risk of becoming homeless by supporting vulnerable people with advice and guidance
- increase the availability of homes within the city by bringing empty properties back into use quickly.’\(^85\)

WV Living

In 2016 City of Wolverhampton Council set up a local housing company called WV Living.\(^86\) The company has plans to deliver a mix of market sale, market rent and affordable homes. Over the next five years WV Living has ambitious plans to deliver up to 1,000 homes.

\(^81\) Ibid
\(^84\) City of Wolverhampton Council, 2016, [Transforming Our City. Our Corporate Plan 2016-2019](http://www.wolverhampton.gov.uk/CHttpHandler.ashx?id=10312&pi=0)
\(^85\) Ibid
\(^86\) City of Wolverhampton Council, 2016, [Council Meeting Wednesday, 21 September 2016](https://wolverhampton.moderngov.co.uk/documents/b139611/WV%20Living%20Report%2021st%20Sep%202016%20Wolverhampton%20Council.pdf?TF=9)
WV Living is wholly-owned by the City of Wolverhampton Council and set up as trading subsidiary of the Council. The company is developing homes on land owned by the Council. The Council is providing low cost finance to WV Living via prudential borrowing to finance house building outside of the Housing Revenue Accounts (HRA).

In March 2018 the first bricks on the first-ever WV Living homes were laid on the site of a former primary school where Jessup are building 52 homes, including 13 affordable homes.87

Key lessons

- The Council will receive capital receipts for the General Fund from land sales to WV Living, the council-owned local authority housing company, and revenue income to the General Fund through additional Council Tax and New Homes Bonus payments.
- The Council also are generating revenue income to the General Fund through lending to WV Living to build.
- The Council are using Affordable Rent levels capped by the Local Housing Allowance (LHA) for their newbuild Council units, to ensure affordability and manage risks where appropriate.
- Through the local authority housing company, the Council hope to be able to increase the speed of delivery of homes as well as a mix of tenures.

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87 WV Living, 2018, First bricks laid on first WV Living homes http://www.wvliving.co.uk/news/0009-First-bricks-laid-on-first-WV-Living-homes.html
Part 3: Analysis and recommendations

Part three of the report sets out an analysis which has identified a number of key themes relating to the challenges and opportunities faced by councils in the delivery of homes of all tenure, with a particular focus on the provision of social rent and other types of affordable housing. It is followed by a series of recommendations which flow out of the analysis.

3.1 Overview of analysis and changing policy context

The analysis of challenges and opportunities set out in this chapter is based upon a survey of local authorities across the UK (see annex 1), five case studies (set out in part two of the report) and a stakeholder roundtable (see annex 2).

When asked in the online survey ‘How would you characterise the need for affordable homes (i.e. homes available for subsidised or social rent) in your local authority area?’ of the 141 councils from across the UK that responded to this survey question, 98% described their need for affordable homes as severe or moderate. This demonstrates that the need for more affordable homes is experienced right across the four nations of the UK.

In undertaking the policy analysis (part one of the report) it is clear that the devolution of some powers to Scotland, Wales and Northern Ireland has created a distinctive policy environment in each of these administrations. As such the recommendations below are predominantly focused on the housing and planning policy framework for England which is in a period of significant reform.

It is also important to note that the draft revised National Planning Policy Framework (NPPF) for England was published on 5 March (as part of a suite of five documents) significantly changing the policy framework during the course of the research project. The contents of these documents have major implications for the delivery of affordable homes. Some of these implications are negative such as the proposed redefinition of affordability (see recommendation 6). Others could have a positive impact on the delivery of ‘affordable’ homes by changing the way viability testing is applied to planning policy requirements including section 106 obligations (see recommendation 7).

This report is being launched in the Houses of Parliament on 10 May 2018, the day the consultation on the revised NPPF closes, which makes the recommendations particularly timely.

3.2 Key themes

3.2.1 Re-making the case for social housing

Investment in social rented housing is a key part of securing mixed and thriving communities, as part of providing for a wide spectrum of tenures to meet a variety of needs across the country. Decent housing in a well-planned environment provides a foundation for helping people to maximise their contribution to society, and to create areas that are economically prosperous. Investment in high quality social housing can also save public funds, such as through reducing poor physical and mental health outcomes that are currently experienced by those living in an unstable private rented sector or those in temporary accommodation.

The government must be bold and ambitious in challenging the shortfall of housing for those in the most need in society. As part of this, it must help councils return to their historic role as a provider of homes – recognising that evidence clearly suggests that we cannot rely on the private sector alone to meet the shortfall of housing supply.

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88 Of the 141 councils that responded to the question ‘How would you characterise the need for affordable homes (i.e. homes available for subsidised or social rent) in your local authority area?’ 63% said severe and 35% said moderate.
**Recommendation 1:** The government has announced it will put in place a fundamental reappraisal of social housing in the forthcoming green paper. The green paper should not just be tinkering. Instead it should represent a step change in the role of central government as a powerful enabler of social housing leaving delivery in the hands of local authorities and their delivery partners. The government needs to ensure that councils have the confidence, backed by a comprehensive package of tools, in order to deliver that step change in the provision of social and affordable housing. This clarity of purpose from government is critical to enabling the conditions for success.

**3.2.2 Funding social and affordable housing**

The government's support for affordable housing, in particular the Prime Minister's support for "a new generation of council and housing association homes" and the Budget commitments to an additional £2 billion investment and lifting Housing Revenue Account borrowing caps for councils in areas of high affordability pressure, is a welcome start. However, the CIH UK Housing Review 2017 highlights that the "overwhelming emphasis on support for the private market, taking 79% of the total" government investment in housing. The CIH UK Housing Review illustrates that 21% of government investment for housing is for affordable housing, made up of £4.3 billion for shared ownership and affordable homes programme and £4.3 billion for other programmes, whereas 79% of government support is for private market housing comprised of £12.5 billion for help to buy equity loans, £4.2 billion for help to buy and lifetime ISAs, £3.5 billion for the PRS guarantee, £2.3 billion for the help to buy mortgage guarantee, £2.3 billion for the housing infrastructure fund, and £7.7 billion for other programmes.

**Recommendation 2:** The government's commitment to “a new generation of council and housing association homes” is a welcome start, however there needs to be significantly more investment in homes available for social rent as well as other affordable tenures. Existing government subsidy for private market housing could be better directed to supply-side measures and the reinvigoration of a range of social and affordable housing products including social rent.

We are losing far more social rented and affordable homes than we are building in England. In 2016/17 there were 41,500 affordable homes built in England, and of these only 5,380 were available for social rent.

The Right to Buy has had a significant impact on the amount of affordable housing available since it was introduced for council tenants in 1980. In 2015 the Communities and Local Government Select Committee commissioned Professor Ian Cole and a team at the Centre for Regional Economic and Social Research at Sheffield Hallam University to undertake a review of the impact of the Right to Buy which revealed that “between 1980/81 and 2013/14, 1.8 million properties were purchased in England through the RTB, generating capital receipts of around £45 billion up to 2010/11. The number of homes owned by councils fell considerably during this time, from 5.1 million in 1980 to 1.7 million in 2014. This was due to the RTB but also the transfer of stock from the local authority to the housing association sector through a process called Large Scale Voluntary Transfer (LSVT).”

Analysis from the Chartered Institute of Housing (CIH) has revealed “more than 150,000 of the most affordable rented homes have been lost across England in just five years…Figures from the Ministry of Housing, Communities and Local Government and Homes England show that 103,642 local authority homes and 46,972 housing association homes for social rent were lost between 2012 and 2017. Most of the losses were down to homes being converted to ‘affordable rent’ or being sold through the right to buy scheme, while some were demolished.”

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91 Communities and Local Government Select Committee, 2016, Housing Associations and the Right to Buy, 8 February 2016 https://publications.parliament.uk/pa/cm201516/cmselect/cmcomloc/370/37005.htm [accessed 13.03.18]

92 CIH, 2018, More than 150,000 homes for social rent lost in just five years, new analysis reveals, Press release, 31 January 2018 http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/More_than_150000_homes_for_social_rent_lost_in_just_five_years_new_analysis_reveals
It is also clear from the survey and case studies in this study, and the three previous reports by the TCPA for APSE, that councils want to build more genuinely affordable homes alongside other tenures.

Attendees at the stakeholder roundtable agreed that there needs to be significant and sustained investment in social and affordable housing. Attendees also highlighted that the government should recognise that to enable councils to build more homes, they must have the confidence to plan ahead and that by respecting the principles of self-financing government should give back control to local authorities over their investment plans, rents and assets.

**Recommendation 3:** The government should respect the principles of self-financing by returning control to local authorities over their investment plans, rents and assets including extending the budget commitment to lifting the HRA borrowing cap on councils in areas of ‘high affordability pressures’ to all authorities with housing stock and enabling councils to retain 100% of their Right to Buy receipts to reinvest into building new affordable housing.

### 3.2.3 Tackling homelessness and the Local Housing Allowance freeze

The causes of homelessness – statutory homelessness, rough sleeping and hidden homelessness – are complicated and are the result not just of the lack of social rented and affordable homes available, but also changes to welfare reform and rising rents.

Homelessness charity Shelter identify that the “the loss of private tenancy is now the leading cause of homelessness in England”. In Shelter’s briefing on the Local Housing Allowance freeze they highlight that “hundreds of thousands of private renters in England have to claim housing benefit in order to help cover the cost of their rent. Many of these renters will be working, but their income won't be sufficient to afford private rents in their local area. Private rents have been rising consistently for several years, between 2011/12 and 2015 they rose in 79% of the country.”

“Local Housing Allowance (LHA) is the name given to housing benefit for private renters…Since 2010 housing benefit levels have not risen in line with rising private rents, and the current freeze means that they will remain frozen at their 2016 levels until 2020, regardless of how much private rents have gone up by in each local area. This means that most private renters who need their income topped up by housing benefit will face a monthly shortfall between the actual cost of their rent, and the support available.”

**Statutory homelessness**

As set out in part one of the report, ‘Statutory homelessness’ is where local authorities have defined a household as homeless within the terms of the homelessness legislation - where they are found to be in priority need and not intentionally homeless.

The homelessness monitor England 2017, commissioned by Crisis and the Joseph Rowntree Foundation, reveals the extent of the annual increase in the number of local authority statutory homelessness cases which has gone up 29% from 89,120 in 2009/10 to 114,780 in 2015/16.

Of the 124 councils across England that responded to the question: ‘In the past 12 months have the statutory homelessness levels changed in your local authority area?’ over 70% said it had increased, 18% didn’t know and only one in ten councils said it had decreased.

12 councils in Scotland responded to the same question about changes to statutory homelessness levels, over half stated statutory homelessness had increased, one in four councils said it had decreased and 17% didn’t know.

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94 Shelter, 2017, Briefing: Local Housing Allowance freeze https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/briefing_who_is_affected_by_the_lha_freeze

In Wales eight councils responded to the question about changes to statutory homelessness levels, three quarters of which said statutory homelessness had increased and one quarter didn’t know.

**Rough sleeping**

According to Crisis there is “an ongoing upward trend in officially estimated rough sleeper numbers [which] remained evident in 2016, with the national total up by 132 per cent since 2010. In the past two years alone, rough sleeping is up 51 per cent.”[96]

Of the 124 councils across England that responded to the question: ‘In the past 12 months have rough sleeping levels changed in your local authority area?’ 57% said it had increased, 17% said it had decreased and 26% didn’t know.

12 councils in Scotland responded to the same question about changes to the levels of people rough sleeping, one third said it had increased, one third said it had decreased and one third didn’t know.

In Wales eight councils responded to the question about changes to rough sleeping levels, 62.5% said it had increased, 12.5% said it had decreased and a quarter of councils didn’t know.

**Hidden homelessness**

The hidden homeless are often described as ‘concealed homeless’ or ‘sofa surfers’ and are people who are homeless, but do not show up in official figures. Hidden homeless can be individuals or families who may stay on friends’/ relatives’ sofas etc.

Of the 124 councils across England that responded to the question: ‘In the past 12 months do you have an indication as to whether there has been any change in the number of hidden homeless in your local authority area?’ 43% said they thought the levels of hidden homelessness had increased, 5% said it had decreased and 52% didn’t know.

12 councils in Scotland responded to the same question about changes to the levels of hidden homelessness, one third said it had increased, 17% it had decreased and half didn’t know.

In Wales eight councils responded to the question about changes to rough sleeping levels, 62.5% said it had increased, no councils said it had decreased and 37.5% didn’t know.

**Recommendation 4:** The government is demonstrating its commitment to tackling homelessness through the Homelessness Reduction Act 2017 and Homelessness Prevention Programme, however it must go further and reverse cuts to Local Housing Allowance to ensure private tenants who need help paying rent aren’t forced into homelessness as campaigned for by Shelter,[97] the Local Government Association[98] and other charities.

### 3.2.4 New models of housing delivery

#### Local authority innovation

The role of the public sector must be encouraged, as the private sector role – while crucial - has been proven not enough to meet need over the last few decades. Councils have the appetite to play a major role in delivering homes that meet local need, and are in the best place to understand the types and tenures of homes that are needed. The case studies all demonstrate how councils are proactively meeting local housing need including the needs of older people, for example Highland Council who are using the City-Region Deal to look at innovative new housing models, such as Housing FIT, which will use the latest IT healthcare to enable elderly people to live in their communities and avoid the need for them to be sent to hospitals or care homes.

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[97] Shelter, 2018, stand up for a million renters facing homelessness https://england.shelter.org.uk/support_us/campaigns/LHA [accessed 13.03.18]

The City of Wolverhampton Council case study showcases WV Living\(^9\) the council’s local authority housing company which has ambitious plans to deliver up to 1,000 homes over the next five years including a mix of market sale, market rent and affordable homes. Wolverhampton is certainly not alone in establishing a local authority housing company, a recent report by the Smith Institute, funded by the Nationwide Foundation, suggest that “there are now around 150 LHCs in England, most formed in the past few years. On the current trend, this could increase to 200 by 2020 – covering just over half of all councils in England.”\(^{100}\)

The survey also demonstrates the considerable level of ambition and innovation in local government. In response to the survey question ‘are you currently considering or have already set up a local housing delivery company?’ just over two in five (42%) of the 139 councils that responded to this question said ‘yes - a wholly owned subsidiary of the council’ and a further 24% stated ‘yes as a joint venture’.

However, the Housing White Paper makes clear that Right to Buy rules will apply to local authorities housing companies who are delivering affordable homes.\(^{101}\) The recent expansion of innovative delivery vehicles by local councils has been a positive development in the diversification of housing delivery. The core incentive for many of these companies and joint ventures was to use local authority assets to develop housing schemes which could meet an urgent housing need. Since this housing can no longer be secured over the long term one of the core incentives for this innovation has been removed. Central imposition of Right to Buy on this new sector is counterproductive in the overall drive for affordable housing delivery.

**Recommendation 5:** Setting up a local authority housing company requires a long-term investment plan, cross-party support and certainty. To ensure that local government innovation flourishes, resulting in more homes of all tenures, the government should make clear that right to buy rules do not apply to local authority housing companies. However, if the right to buy rules are going to apply to homes built by local authority housing companies they must be able to replace them on a 1:1 basis to ensure the long-term investment programme is not undermined.

### 3.2.5 Planning

As highlighted in part one of the report and the beginning of this chapter, the planning policy framework for England changed significantly on the 5th March 2018 when the government launched the revised NPPF for a 10-week consultation. The recommendations on planning policy in the report flow directly from the analysis of the draft revised NPPF in part one of the report.

**Definition of affordable housing**

There has been an ongoing debate in recent years about the definition of affordable housing, with new tenures and products being constantly developed to address shortcomings in the system. Rather than taking a siloed approach to the provision of new housing – segregating it into social housing, affordable rent, co-housing and so on - there is a need for consensus by all those working in the housing and planning industry, of the need for a range of tenures to meet the variety of need for new housing. As part of this, it should be recognised that some tenures such as socially rented homes require a very different business model to others, such as intermediate products.

As highlighted in part one of the report, the draft revised NPPF does not include a meaningful definition of housing affordability. The definition set out in the glossary of the NPPF includes a wide range of intermediate housing ‘products’ which cannot reasonably be described as affordable. The definition of an affordable home should be based on a measure of income instead of being pegged to

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\(^9\) City of Wolverhampton Council, 2016, Council Meeting Wednesday, 21 September 2016 https://wolverhampton.moderngov.co.uk/documents/b19961/\n\n\(^{100}\) The Smith Institute, 2017, Delivering the renaissance in council-built homes: the rise of local housing companies

\(^{101}\) Housing White Paper Para 3.28
an arbitrary proportion of market price.

The impact of this measure will devalue what can be required through Section 106 contributions and will shift the focus away from the provision of genuinely affordable tenures such as social rent. The provision of other low-cost routes to homeownership is a valuable policy objective, but such routes should be described as a separate policy requirement in planning policy. Conflating the two undermines attempts to support those in greatest need of genuinely affordable housing.

**Recommendation 6:** The draft revised NPPF has failed to include a meaningful definition of affordability. The final revised NPPF should set out a genuine and more precise definition as follows:

"**Affordable housing** includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- meet the needs of eligible households, including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices (but not exceeding 35% of their household net income after tax and benefits\(^{102}\)); and
- include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."

**Viability and the NPPF**

As highlighted in part one of the report, the revised draft NPPF and draft National Planning Practice Guidance could have a positive impact on the delivery of ‘affordable’ homes by changing the way viability testing is applied to planning policy requirements including section 106 obligations. The evidence from the online survey and stakeholder roundtable, as well as previous TCPA reports for APSE, highlight why the government’s proposed changes to viability tested are needed and welcome.

In response to the question ‘has the viability test, as set out in the NPPF, helped or hindered your local authority’s ability to secure sufficient social and affordable housing to meet local needs?’ three out of five (60%) of the 110 councils that responded to this question said that it had hindered. The 2018 survey figure is comparable to the 2017 results in which 61% of councils said the viability test had hindered their ability to secure sufficient levels of social and affordable housing. 11% councils think the viability test has helped, down from 13.5% in 2017. 29% councils did not know what impact the viability test was having.

The House of Lords Built Environment Committee has called on government to revise the viability test to ensure it is not “…used to compromise the ability of local authorities to meet housing need, including affordable housing need, as determined through development plans.”\(^{103}\)

An attendee at the stakeholder roundtable described the viability test “as a race to the bottom”. Another attendee said that “viability models are often not reflective of actual values”.

**Recommendation 7:** The government has announced major changes to viability testing which could address many of the concerns raised by councils and other stakeholders about the current process. The new system is right to focus on greater transparency of process with agreed approaches for calculating factors such as land price. The report strongly supports the government’s view that developers should not be able to use the price paid for land to undermine the provision of public benefits and affordable homes.

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\(^{102}\) Shelter, 2015, *What is afforded housing?* Blog by John Bibby on 10 August 2015

\(^{103}\) House of Lords, 2016, Select Committee on National Policy for the Built Environment Report of Session 2015–16 Building better places http://www.publications.parliament.uk/pa/ld201516/ldselect/ldbuilt/100/100.pdf
Permitted development

In 2013 the government introduced measures to convert commercial buildings into homes through permitted development (this requires a prior approval process but removes the need for the developers to make a full planning application to the local authority).

Of the 109 councils in England that responded to the question: Has permitted development had an impact on meeting the need for affordable housing in your local authority area? 4% stated it would have a positive impact (that they would be able to build more affordable homes), one in three councils said it would have a negative impact (that they would be able to build less affordable homes), just over half of the councils said it would have no impact and 13% didn’t know.

Respondents to the survey made the following comments about the impact of permitted development:

“This has been a very detrimental policy to our town centre. The loss of employment space is damaging to the local economy, and the quality of the housing delivered through Permitted Development (PD) is typically poor, usually lacking adequate parking and external amenity space. Furthermore, this PD housing is starting to be bought and leased by London councils for placing homeless households in, so high volumes of vulnerable households in high density buildings with poor amenities in town centre locations.”

“… it has helped deliver additional housing. However, we would have welcomed the opportunity to secure more additional affordable homes had the prior approval process been applied with an affordable housing obligation attached to it.”

“Permitted Development should not be used as a method to stop affordable housing. We’ve just had one developer put in an application to extend an office as an office, to then flip it to housing using Permitted Development.”

“Some office to residential conversions may well have been acceptable in principle. PD rights however remove the ability to secure affordable housing or even negotiate commuted sums.”

A summary of the key issues raised by the survey respondents are as follows:

• Potential ‘Section 106’ contributions for affordable housing are being lost
• Loss of office space
• No control over room sizes/space standards
• No requirements for parking or access to play space or green space
• No assessment of capacity of schools, GP surgeries etc
• Councils don’t receive the planning application fee so have less resources but still have to do the work
• Councils have little or no control over major changes taking place in their local areas
• One respondent commented: “Is it any wonder that planning is no longer seen as a positive force to make people’s lives better?”

Changing the use of a commercial building into homes can be a sustainable use of assets meeting local housing need, however as the list of concerns above illustrate the permitted development or prior approval route can have significant long-term, negative consequences.

Recommendation 8: The government should reverse the central imposition of permitted development and give powers back to local authorities to reflect local circumstances.

In the 2017 Autumn Budget the government announced plans to consult on extending permitted development rights to allow commercial buildings to be demolished and replaced with homes.

Of the 108 councils in England that responded to the question: ‘What impact do you think the
extension of permitted development rights, to allow for the demolition of commercial building and
the building of homes on these sites without the requirement for a full planning application, will have
on meeting the need for affordable housing in your local authority area? 14% stated it would have a
positive impact (that they would be able to build more affordable homes), 29% councils said it would
have a negative impact (that they would be able to build less affordable homes), 37% said it would
have no impact and 20% didn't know.

Respondents to the survey also made the following comments:

“Sites will not deliver mixed and balanced communities, as no affordable homes will be sought on
these sites. In certain local authority areas the impact of this loss of affordable homes, with large
commercial buildings could be quite substantial. Government need to take positive steps to increase
affordable housing delivery, rather than supporting proposals which will have the opposite effect.”

“Without a full planning application, there is less ability to influence the tenure of the properties and
address (where appropriate) affordability issues. More generally there seems (within most planning
teams) an acceptance where there are redundant commercial uses (i.e. old warehousing) that a
change of use would be acceptable, if not desirable. As such it is unclear what this proposal is looking
to solve. The change in legislation may speed up the process, but may also impact the ability of areas
to impact on quality.”

“Zero social contributions from developers, purely a method of handing extra profit to the companies.
Will result in poorly planned unsustainable housing provision.”

“This may allow sites which would previously have required planning consent and therefore an
affordable housing agreement through S106 to come forward without consent and without making
a contribution or on-site provision.”

Attendees at the stakeholder roundtable also questioned whether the extension of permitted
development would undermine local housing markets and they cautioned about the risk of creating
single tenure developments of poor quality which would undermine the ambition to create high-
quality mixed tenure communities.

**Recommendation 9**: The government should not extend permitted development rights to
allow commercial buildings to be demolished and replaced with homes. Extending permitted
development to include the demolition of commercial buildings which will be replaced with
homes without requiring a full planning consent risks creating a legacy of poorly serviced, badly
designed places that will not provide for those in greatest housing need.

### 3.2.6 Brexit and construction skills

The findings of the survey indicate that Brexit has generated an element of uncertainty in the sector. In
response to the survey question 'What do you think will be the impact of Brexit on your local authority’s
ability to meet housing need in the short term (within the next 5 years)?', of the 124 councils that
responded 3% thought it would have a positive impact and that they would be able to build more
homes. 30% of councils thought it would have a negative impact reducing the ability to build homes,
just over two fifths of councils didn't know and a quarter thought it would have no impact.

When asked the same question about the impact of Brexit over the next 5 to 10 years the results were
similar; 5% thought it would have a positive impact, 27% thought it would have a negative impact,
24% thought it would have no impact and 44% did not know.

While the impact of EU referendum result on the UK housing market remains unclear, a number of
survey respondents raised concerns about the availability of skilled and unskilled workers, equipment
and raw materials and the impact that would potentially have on the delivery of new homes. Survey
comments included:
“Concern about labour costs (and availability of workers), material costs and general developer confidence would suggest a negative impact but very hard to say at this stage.”

“It’s not clear what impact Brexit will have at this stage. The issue for LAs meeting housing need is complex with many factors that will affect an LAs performance to increase affordable housing delivery. Housebuilders currently report that the housing market is strong with good completions rates, however others report that due to Brexit there will be a skills shortage of labour for housing projects (ranging from project managers, design teams and construction).”

Data from the Department for Business, Energy and Industrial Strategy shows that “the UK imports 62% of construction materials from the EU.”

A report by IPPR found that “the construction industry has a greater proportion of EU migrants; 9.0 per cent of construction workers were born in the rest of the EU compared to 7.4 per cent for the rest of the economy. The proportion of EU-born workers in the construction sector has increased rapidly; growing by nearly five-fold between 2003 and 2016.”

Attendees at the stakeholder roundtable highlighted that councils, including through new local housing companies and joint ventures, could play an important role in expanding the construction skills sector through apprenticeships and providing supply chain certainty to ensure that the construction sector is not overly reliant on migrant workers from Europe or further afield.

The Leeds City Council case study has also shown the multiple benefits that tackling empty homes in a holistic and joined-up way can bring, through helping people back into employment by providing additional training opportunities.

**Recommendation 10:** The government should think about what it can do to incentivise domestic production of equipment and sustainable raw materials alongside producing a national labour strategy to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled workers. The government should ensure accessibility, sustainability and low carbon innovation is at the heart of a national labour strategy to ensure the British construction sector are world leaders in creating high-quality sustainable homes that enhance people’s health and wellbeing.

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Annex 1: Survey questions and results

The TCPA sent an online survey to the Leader, Chair of Finance, Chair of Housing and Chair of Economic Development Committees, the Chief Executive, Chief Finance Officer, Chief Housing Officer and Chief Economic Development Officer in all local authorities in England, Wales, Scotland and Northern Ireland. The survey was conducted between 1st to 16th February 2018. All responses are treated as anonymous.

162 local authorities from across the UK completed the survey, with

- 142 from local authorities in England (out of a total of 353 local authorities in England)
- 12 from local authorities in Scotland (out of a total of 32 local authorities in Scotland)
- 8 from local authorities in Wales (out of a total of 22 local authorities in Wales)
- No local authorities in Northern Ireland (out of a total of 11 local authorities in Northern Ireland)

**Political representation**

A total of 162 local authorities responded to the online survey of which 48% were Conservative controlled, 23% Labour controlled, and 29% other mixes of political control as set out below.

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**Summary**

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<td>Independent</td>
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1. About your local authority

**Q4:** How would you characterise the need for affordable homes (i.e. homes available for subsidised or social rent) in your local authority area?

141 councils responded to this question

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Together, 97.87% of councils described their need for affordable homes as severe or moderate.
2. Homelessness

Statutory homelessness

**Q5:** In the past 12 months have the statutory homelessness levels changed in your local authority area?

124 councils from England responded to this question. 12 councils from Scotland responded to this question. 8 councils from Wales responded to this question.

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<td>71.20</td>
</tr>
<tr>
<td>Decreased</td>
<td>13</td>
<td>10.40</td>
</tr>
<tr>
<td>Don't know</td>
<td>22</td>
<td>17.60</td>
</tr>
<tr>
<td><strong>Scotland</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased</td>
<td>7</td>
<td>58.33</td>
</tr>
<tr>
<td>Decreased</td>
<td>3</td>
<td>25.00</td>
</tr>
<tr>
<td>Don't know</td>
<td>2</td>
<td>16.67</td>
</tr>
<tr>
<td><strong>Wales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased</td>
<td>6</td>
<td>75.00</td>
</tr>
<tr>
<td>Decreased</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Don't know</td>
<td>2</td>
<td>25.00</td>
</tr>
</tbody>
</table>

Rough sleeping

**Q6:** In the past 12 months have rough sleeping levels changed in your local authority area?

124 councils from England responded to this question. 12 councils from Scotland responded to this question. 8 councils from Wales responded to this question.

<table>
<thead>
<tr>
<th></th>
<th>Totals</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>England</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased</td>
<td>71</td>
<td>57.26</td>
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<tr>
<td>Decreased</td>
<td>21</td>
<td>16.94</td>
</tr>
<tr>
<td>Don't know</td>
<td>32</td>
<td>25.81</td>
</tr>
<tr>
<td><strong>Scotland</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased</td>
<td>4</td>
<td>33.33</td>
</tr>
<tr>
<td>Decreased</td>
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<td>33.33</td>
</tr>
<tr>
<td>Don't know</td>
<td>4</td>
<td>33.33</td>
</tr>
<tr>
<td><strong>Wales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased</td>
<td>5</td>
<td>62.50</td>
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<tr>
<td>Decreased</td>
<td>1</td>
<td>12.50</td>
</tr>
<tr>
<td>Don't know</td>
<td>2</td>
<td>25.00</td>
</tr>
</tbody>
</table>

Hidden homelessness

**Q7:** In the past 12 months do you have an indication as to whether there has been any change in the number of hidden homeless in your local authority area?

124 councils from England responded to this question. 12 councils from Scotland responded to this question. 8 councils from Wales responded to this question.
3. About your authority’s approach to delivering more affordable homes

**Q8:** What is the dominant model of delivering social and affordable housing in your local authority area?

139 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct delivery</td>
<td>27</td>
<td>25.71</td>
</tr>
<tr>
<td>Through the planning process via Section 106 agreements</td>
<td>65</td>
<td>61.90</td>
</tr>
<tr>
<td>Joint Ventures on council-owned land</td>
<td>13</td>
<td>12.38</td>
</tr>
<tr>
<td>Other comments (please specify)</td>
<td>34</td>
<td></td>
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</table>

**Delivering homes**

**Q9:** Are you currently considering or have already set up a local housing delivery company?

139 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes - a wholly owned subsidiary of the council</td>
<td>58</td>
<td>41.73</td>
</tr>
<tr>
<td>Yes - as a joint venture</td>
<td>34</td>
<td>24.46</td>
</tr>
<tr>
<td>No</td>
<td>37</td>
<td>26.62</td>
</tr>
<tr>
<td>Don't know</td>
<td>10</td>
<td>7.19</td>
</tr>
</tbody>
</table>

**New tenures**

**Q10:** Is your council currently delivering or exploring private rented sector homes (PRS) as part of the solution to creating new homes in your local authority area?

135 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes - currently delivering PRS</td>
<td>24</td>
<td>17.78</td>
</tr>
<tr>
<td>Yes - exploring PRS as an option</td>
<td>64</td>
<td>47.41</td>
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<tr>
<td>No</td>
<td>33</td>
<td>24.44</td>
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<tr>
<td>Don't know</td>
<td>14</td>
<td>10.37</td>
</tr>
</tbody>
</table>
4. Planning framework

**Q11:** Do you currently have an up-to-date plan with an adopted 5-year land supply?

126 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>81</td>
<td>64.29</td>
</tr>
<tr>
<td>No</td>
<td>43</td>
<td>34.13</td>
</tr>
<tr>
<td>Don't know</td>
<td>2</td>
<td>1.59</td>
</tr>
</tbody>
</table>

Viability [England only question]

**Q12:** Has the viability test as set out in the National Planning Policy Framework helped or hindered your local authority's ability to secure sufficient social and affordable housing to meet local needs?

110 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helped</td>
<td>12</td>
<td>10.91</td>
</tr>
<tr>
<td>Hindered</td>
<td>66</td>
<td>60.00</td>
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<tr>
<td>Don't know</td>
<td>32</td>
<td>29.09</td>
</tr>
</tbody>
</table>

Permitted Development [England only question]

**Q13:** In 2013 the Government introduced measures to convert commercial buildings into homes through permitted development (This requires a prior approval process but removes the need for the developers to make a full planning application to the local authority). Has permitted development had an impact on meeting the need for affordable housing in your local authority area?

109 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive impact (able to build more affordable homes)</td>
<td>4</td>
<td>3.67</td>
</tr>
<tr>
<td>Negative impact (able to build less affordable homes)</td>
<td>32</td>
<td>29.36</td>
</tr>
<tr>
<td>No impact</td>
<td>59</td>
<td>54.13</td>
</tr>
<tr>
<td>Don't know</td>
<td>14</td>
<td>12.84</td>
</tr>
</tbody>
</table>

**Q14:** In the 2017 Autumn Budget the Government announced plans to extend permitted development rights to allow commercial buildings to be demolished and replaced with homes. What impact do you think the extension of permitted development rights, to allow for the demolition of commercial building and the building of homes on these sites without the requirement for a full planning application, will have on meeting the need for affordable housing in your local authority area?

108 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive impact (able to build more affordable homes)</td>
<td>15</td>
<td>13.89</td>
</tr>
<tr>
<td>Negative impact (able to build less affordable homes)</td>
<td>31</td>
<td>28.70</td>
</tr>
<tr>
<td>No impact</td>
<td>40</td>
<td>37.04</td>
</tr>
<tr>
<td>Don't know</td>
<td>22</td>
<td>20.37</td>
</tr>
</tbody>
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5. Brexit

**Q15:** What do you think will be the impact of Brexit on your local authority’s ability to meet housing need in the short term (within the next 5 years)?

124 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive impact (able to build more homes)</td>
<td>4</td>
<td>3.23</td>
</tr>
<tr>
<td>Negative impact (able to build less homes)</td>
<td>37</td>
<td>29.84</td>
</tr>
<tr>
<td>No impact</td>
<td>31</td>
<td>25.00</td>
</tr>
<tr>
<td>Don’t know</td>
<td>52</td>
<td>41.94</td>
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</tbody>
</table>

**Q16:** What do you think will be the impact of Brexit on your local authority’s ability to meet housing need in the medium term (next 5 – 10 years)?

124 councils responded to this question

<table>
<thead>
<tr>
<th>Answer</th>
<th>Totals</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive impact (able to build more homes)</td>
<td>6</td>
<td>4.84</td>
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<tr>
<td>Negative impact (able to build less homes)</td>
<td>33</td>
<td>26.61</td>
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<tr>
<td>No impact</td>
<td>30</td>
<td>24.19</td>
</tr>
<tr>
<td>Don’t know</td>
<td>55</td>
<td>44.35</td>
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</table>
Annex 2: Roundtable attendees

A high-level roundtable discussion was held on the 27th February 2018 at the TCPA, 17 Carlton House Terrace, London, SW1Y 5AS. Attendees at the roundtable:

- Jenny Barker, Bicester Delivery Manager, Cherwell District Council
- Stephanie Baxter, Housing Enabling Officer, Uttlesford District Council
- John Bibby, Managing Director, Association for Retained Council Housing
- Jessie Fieth, European and Projects Officer, TCPA
- Vickie Hacking, Principal Advisor, APSE
- Kate Henderson, Chief Executive, TCPA
- Alex House, Projects and Policy Manager, TCPA
- Toby Lloyd, Head of Housing Development, Shelter
- Paul O’Brien, Chief Executive, APSE
- Phil Mason, Service Director for Planning and Sustainable Development, Cornwall Council
- David Roberts, Principal Planning Policy Officer, South Cambridgeshire District Council
- Gavin Smart, Deputy Chief Executive, Chartered Institute of Housing
- Henry Smith, Projects and Policy Manager, TCPA
- Claire Wood, Enabling Programme Manager, Strategic Housing Enabling Team, South Gloucestershire Council

This report aims to reflect the range of opinions expressed at the roundtable, but not every detail contained within it will reflect the opinions of all the attendees at the discussion. It should, however, reflect the spirit of constructive collaboration and considered debate.
## Price

<table>
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<tr>
<th>Membership</th>
<th>Price</th>
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<tr>
<td>APSE Members</td>
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</tr>
<tr>
<td>APSE Non-members</td>
<td>£40.00</td>
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